

## Message Text

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PAGE 01 BONN 01241 231650Z

43

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
----- 127017

O R 231641Z JAN 76  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC IMMEDIATE 5904  
INFO AMEMBASSY LISBON

C O N F I D E N T I A L BONN 01241

STADIS////////////////////////////////////

EXDIS

E.O. 11652: XGDS-1  
TAGS: EFIN, GW, PO  
SUBJECT: FRG FINANCIAL ASSISTANCE TO PORTUGAL

REF: STATE 015352

1. ECON/COMM. MINISTER, ACCOMPANIED BY RYAN, CALLED ON HISS THE AFTERNOON OF JAN. 22 AND POSED QUESTIONS CONTAINED IN REFTEL. AT THAT TIME, HISS TOLD US HE WAS NOT FULLY INFORMED ON STATUS OF NEGOTIATIONS AND PROMISED TO BE IN TOUCH WITH US AGAIN JAN. 23.

2. HISS DID TELL US HE HAD NO INFORMATION ON THE SEVERITY OF PORTUGAL'S LIQUIDITY POSITION. EMBASSY WILL SEEK INFORMATION ON THIS ELSEWHERE IN THE GOVERNMENT AND FROM THE BUNDESBANK. RYAN TOOK ADVANTAGE OF THE OCCASION, HOWEVER, TO PRESENT TO HISS OUR VIEWS ON THE PORTUGUESE SITUATION, FOR WHICH HISS WAS MOST GRATEFUL.

3. HISS ALSO TOLD US THAT GERMANS HAD NOT GIVEN ANY THOUGHT TO CONSORTIUM-TYPE ARRANGEMENTS UP TO THIS TIME. HE WAS UNABLE TO GIVE US ANY VIEW AS  
CONFIDENTIAL

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PAGE 02 BONN 01241 231650Z

TO WHETHER GERMANS OR PORTUGUESE WOULD FAVOR SUCH

AN APPROACH.

4. FURTHER, HISS WAS UNAWARE OF BANK FOR INTERNATIONAL SETTLEMENTS LOAN OF \$250 MILLION, WHICH BECOMES DUE IN MAY. HE WAS AWARE OF HIS CONSIDERATION OF FURTHER ASSISTANCE, IN WHICH FRG WOULD NORMALLY PARTICIPATE. WE WILL SEEK MORE INFORMATION ON THIS SUBJECT FROM OTHER SOURCES.

5. HISS CALLED BACK ON JAN. 23 TO SAY THAT MEETING BETWEEN BUNDESBANK AND PORTUGUESE CENTRAL BANK IN FRANKFURT ON JAN. 19 HAD RESULTED IN FINAL AGREEMENT FOR \$250 MILLION LOAN. ACCORDING TO HISS, THE PROCEEDS OF THIS LOAN WOULD BE AVAILABLE TO PORTUGUESE EITHER ON JAN. 30 OR AT THE LATEST ON FEB. 2. THE LOAN IS FOR SIX MONTHS, WITH THREE POSSIBLE SIX MONTH EXTENSIONS FOR A TOTAL OF TWO YEARS.

6. HISS HAD ALREADY TOLD US ON JAN. 22 THAT THE FRG HAD IMPOSED NO CONDITIONS FOR LOAN OTHER THAN GOLD COLLATERAL, I.E., THERE ARE NO CONDITIONS IN THE AREA OF ECONOMIC POLICY.

7. HISS CAUTIONED US THAT NONE OF THIS IS GOING TO BE MADE PUBLIC AT THIS TIME. FONMIN GENSCHER, HE SAID, WOULD BE VISITING PORTUGAL IN MID-FEBRUARY, AT WHICH TIME THEY WANT THE ANNOUNCEMENT TO BE MADE. WE URGE, THEREFORE, THAT THIS CONFIDENCE BE RESPECTED.  
HILLENBRAND

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## Message Attributes

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